

**Statement of
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Before the

**House International Relations Committee
Subcommittee on the Western Hemisphere**

November 9, 2005

**Drug Trafficking in the Transit Zone
of Central America**

Thank you, Mr. Chairman, Congressman Menendez, and distinguished Members of the Subcommittee for the opportunity to appear before you today. The Department of State welcomes this hearing as a timely opportunity to discuss the importance of Central America in the international fight against illicit drugs and in the context of U.S. drug control strategy.

My fellow panelists will discuss in detail the flow of illicit drug shipments through the Central American isthmus, emerging trends, key trafficking groups and the interdiction and enforcement efforts to address those threats. I would like to outline how the U.S. Government is assisting our partner nations in the region to confront drug trafficking and transnational criminal activity.

Introduction

In the past month, the United States, Mexico and Central America have suffered devastating blows by the same natural forces of destruction. What many do not realize is that we face an “unnatural” force of destruction as well, the criminal undercurrent moving hundreds of tons of illicit drugs through Central America and its surrounding waters on their way to the United States. Today, Central America, Mexico, and the Western Caribbean have become the principal corridor (using maritime, land and air routes)

through which transnational drug trafficking groups move some 92 percent of the South American cocaine shipments that enter the United States, as well as large amounts of heroin, north to Mexico then into the United States and Canada.

As we have seen around the world, countries on smuggling routes are inevitably plagued by rising drug consumption, increased rates of youth crime and violence, narco-related corruption, and a host of other ills associated with the drug trade.

Central America is a region of small, developing nations, including some of the poorest in the Western Hemisphere. Despite justice sector reform initiatives in several of the states, the region's criminal justice systems are not equipped to address transnational organized crime and are vulnerable to intimidation or corruption. Drug abuse is escalating throughout the region, as we have seen in other drug transit countries around the world. Because these nations have weak border controls generally, as one government increases enforcement in one area, traffickers can too easily shift to neighboring countries and to other means of transport.

Over the past decade, Colombian and other drug syndicates and aspiring local groups have consolidated their dominance of the drug trade in Central America, fueling an increase in overall crime, violence, and corruption that is eroding the region's fragile democratic institutions. With its limited law enforcement capacity and porous borders, traffickers find Central America a relatively low-risk operating environment and a convenient base of operations for pre-positioning shipments to Mexico.

While drug trafficking is the most serious of the transnational crime threats in the region, Central American governments also wrestle with trafficking in firearms, alien smuggling and trafficking in persons, and money laundering. Many also face serious domestic criminal problems, notably those related to the growing presence of youth gangs. While these gangs are not yet involved in large-scale drug trafficking, the potential is there. Central American countries are ill equipped to fight them.

Current Interdiction Programs

The majority of the U.S.-bound drug shipments are smuggled directly to Mexico by maritime conveyance – fast boats, fishing vessels and

containers. A portion is offloaded in Central America and continues by land through Mexico to the U.S. INL's programs in the region enhance these countries' maritime and land interdiction capacities. For example, we facilitated the transfer of decommissioned U.S. Coast Guard cutters to Panama, Costa Rica and Nicaragua and provided training on operations and maintenance. INL has also assisted each country in strengthening its border inspection stations, particularly at key chokepoints along the Pan-American Highway. Finally, INL trains and equips counternarcotics police and prosecutors to ensure that interdiction operations are followed up with criminal investigations and prosecutions. Prosecutions leading to convictions are the final objective of an effective interdiction program.

In addition, we have signed bilateral maritime cooperation agreements with all of the Central American governments except El Salvador to facilitate operational coordination. Costa Rica, the first in the region to sign a bilateral agreement, later collaborated with the Netherlands to develop a Caribbean Regional Maritime Agreement (signed, but not yet in force). We will pursue a bilateral agreement with El Salvador in the coming year.

Air Interdiction

While air smuggling from South America into the region was once the major problem, the 2005 Interagency Assessment of Cocaine Movement estimated that less than eight percent of the cocaine movement in 2004 went by air. However, traffickers continue to make use of air deliveries for cocaine into staging areas in northern Guatemala for overland transport into Mexico, and tracking of unregistered air traffic suggests they may be increasing the use of air routes in 2005. Also, traffickers use air for smuggling heroin, which has a higher value per pound.

The United States has established a hemispheric radar system to track the movements of suspected trafficker vessels and aircraft. Through the Cooperating Nation Information Exchange System (CNIES), U.S. Southern Command (SOUTHCOM) provides this data to appropriate host nation authorities for the detection and monitoring of suspect drug trafficking aircraft and vessels.

These efforts have successfully interdicted drug shipments intended for the U.S. market. For example, Guatemalan law enforcement recently

acted on information provided by the U.S. to capture an aircraft carrying 450 kilograms of cocaine. Three suspects were arrested.

Although the systems we have in place are a major step forward, Central American states do not have the aircraft, command and control, support structure, or radar/tracking infrastructure to participate in a robust regional aerial interdiction program.

Other Programs in the Region

Through regional projects and training, we maximize funding and promote better sub-regional cooperation and information exchange. The establishment of the new International Law Enforcement Academy (ILEA) in El Salvador will be of tremendous benefit to the governments of Central America and provide us a location for regional training in the isthmus.

Panama is of particular strategic importance in Central America. Panama is an international transportation hub, home to the Panama Canal and the Colón Free Zone, the world's major "flag state" for ship registry, and a major financial center, making it a desirable venue for laundering drug proceeds. Panama serves as the "bridge" between the Andean producing/trafficking zone and the Central American transit zone. Counternarcotics assistance is provided to Panama under the Andean Counterdrug Initiative (ACI) program.

Central American programs fall under the International Narcotics and Law Enforcement (INCLE) budget. Guatemala is INL's largest INCLE program in Central America and also acts as the regional "hub" that provides technical support to neighboring countries. INL's Guatemala program will provide training, equipment, and other support to the government's counternarcotics and law enforcement efforts. Projects for El Salvador, Honduras, Costa Rica, Nicaragua and Belize are funded out of the INCLE Latin America Regional Account. INL scaled back some of its planned Central American institution building and interdiction programs due to budget priorities elsewhere over the last several years.

U.S. Government Programs

INL seeks to leverage available resources and build on efforts that promote cooperation and communication, and that have a "multiplier effect."

To this end, our Central American programs are coordinated closely with other USG and regional initiatives.

Some major program areas include:

- **Anti-smuggling.** INL and DHS have established a series of freight tracking, border inspection systems and port security projects. Once these are linked, the regional governments will be able to effectively track the movement of people, vessels, cargoes, etc.
- **Maritime:** The regional maritime agreement, complemented by INL/USCG-supported maritime programs, should disrupt and eventually deter maritime trafficking.
- **Intelligence and Information Sharing** are critical to the prospects for effective regionalization. INL is reviewing the longstanding Joint Information Coordination Centers (JICC) program to see how it can be improved to meet new needs. The “Center for Drug Information” (CDI), sponsored by the International Drug Enforcement Conferences (IDECs) in Mexico City encourages daily exchange of information.
- **Investigations:** DEA’s reorganization of its Central America and Mexico Country Offices, together with the reenergizing of the IDECs, has helped to promote regional investigations. INL complements this effort through support to special investigative units.
- **Anti-Money Laundering:** Working with other U.S. Government agencies and international organizations, INL has mounted a comprehensive program to construct Anti-Money Laundering/Counter Terrorist Financing (AML/CTF) programs in the six Central American countries. INL has funded programs to assist the Central American countries in drafting AML/CFT laws and implementing regulations and in establishing FIUs, and to provide a wide range of AML/CFT training to police and regulatory officials in the region. Five of the six Central American countries have now set up an AML/CFT legal and regulatory framework and functioning Financial Intelligence Units (FIU). Also, our work has led to the removal of Panama and Guatemala from the Financial Action Task Force’s non-cooperative countries list in 2001 and 2004, respectively.

- **Demand Reduction:** All of the countries are seeing increases in domestic drug consumption. This is a productive area for inter-governmental collaboration.

Much of INL's training is conducted regionally to develop parallel capabilities and promote networking. This is the approach we plan to take at the International Law Enforcement Academy (ILEA) in El Salvador. Similarly, we have funded training and a broad array of projects for the region through the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States (OAS).

We will explore public-private sector partnerships to address a range of criminal activities from anti-smuggling to youth gangs, encourage joint investigations, and promote regional approaches to demand reduction and drug treatment.

Corruption remains one of the most significant factors inhibiting progress in many areas, including effective law enforcement. While governments throughout the region are now confronting the issue -- including prosecution of high-level figures -- institutional reforms are essential to an effective solution.

The Administration, including INL, is working on a number of levels to ensure that Central American governments take action against corruption. First, we are ensuring that these governments accept clear international commitments for tackling corruption, and we are working diplomatically to see these commitments moved to action. We are working with the OAS to monitor implementation of the Inter-American Convention Against Corruption and are encouraging governments to adopt and implement the more comprehensive commitments found in the relatively new UN Convention Against Corruption. Panama, Honduras, and El Salvador have already ratified the UN Convention, which enters into force on December 14, 2005, and all other Central American governments, with the exception of Belize, have signed.

Second, where the political will is ripe, we are providing bilateral assistance to help these countries meet their commitments and take effective anticorruption actions. While USAID programs provide the bulk of USG bilateral assistance in this area, limited INL funding has been used to implement Culture of Lawfulness programs and to assist Nicaraguan

authorities to pursue anticorruption cases, which includes placement of a DOJ Anticorruption Resident Legal Advisor in Managua since May 2004.

Another important aspect of the fight against corruption involves denying safe haven to corrupt actors. President Bush issued Presidential Proclamation 7750 in January 2004 to deny entry into the U.S. to corrupt foreign officials. The Proclamation is a tool to implement the “No Safe Haven” policy, adopted by OAS leaders at the January 2004 Special Summit of the Americas, and reaffirmed by OAS member states in the Declaration of Quito in June 2004. Hundreds of past and present corrupt actors from Central America and around the world have been denied entry using legal authorities available under various provisions of the Immigration and Nationality Act. The Proclamation has specifically been useful to target those who are known to be corrupt but who cannot be denied entry under any other legal authorities, and whose corruption has been so egregious that it has had a serious adverse effect on key U.S. national interests. In cases where the Proclamation has been utilized in Central America, it has served to get the attention of senior levels of host governments, demonstrate firm U.S. commitment to meaningful anti-corruption measures and underscore the importance of combating corruption to protect fragile legal and law enforcement institutions.

Regionalization

Given the pervasiveness of the drug threat and the lack of resources throughout the region, Central American countries need to work together, share their assets and information, and institute standardized control regimes. To accomplish these goals, countries need to: modernize how they fight crime, remove obstacles to extradition, sustain political will, and build public confidence and support for reform and a strong antidrug effort.

The Central American Regional Integration System (SICA) is a European Commission-like body that includes an array of sub-commissions to address issues ranging from culture to science. The Central American Permanent Commission for the Eradication of Production, Trafficking, Consumption and Illicit Use of Narcotic and Psychotropic Substances, or “CCP,” is the entity charged with coordination on counternarcotics. UN Office on Drug and Crime (UNODC), OAS/CICAD, Spain and the United States are technical advisors to the CCP. By regionalizing their efforts and developing a regional action plan, the governments hope to improve their

ability to obtain international financing and donor support. DEA, the United Nations and OAS/CICAD are working to assist the CCP in establishing a Central American regional chemical control system.

There are a number of other sub-regional bodies and programs that can contribute to improving cooperation against narcotics trafficking. Operationally, the Central American Chiefs of Police and the International Drug Enforcement Conference (IDEC) are very much involved in inter-governmental coordination on interdiction and investigations.

Other Criminal Threats

In the complementary area of justice sector development, INL will focus on the institutional obstacles to law enforcement effectiveness, notably: corruption, lack of legal provisions for use of modern investigative techniques, dysfunctional government personnel systems, entrenched criminal groups, and lack of public support/confidence.

While the United States has traditionally focused on combating the major transnational criminal organizations based in Colombia and Mexico, we are also concerned about the rapid expansion of criminal youth gangs in the United States as well as in Central America. Youth gangs and other loosely organized criminal groups engage in a broad range of activities, from drug distribution, to kidnapping, to contract killings. Because of their structure, their extensive criminal activity, their operation in multiple countries, the large number of minors involved in the groups (laws covering minors limit investigation, prosecution, and penalization options), and other factors, these gangs are very difficult to combat. Concerted inter-governmental action needs to be taken to ensure that they do not become the next generation of drug/crime cartels. Our strategy recognizes that addressing youth gangs effectively in the long-term requires us to support approaches encompassing both law enforcement and prevention, recognizing that countering gang activity is a function of both deterrence and providing other opportunities to youth. Anti-gang training will be highlighted at the new ILEA in El Salvador.

Internally, each country faces a growing culture of crime that is undermining weak democratic institutions and eroding public confidence. Based on a successful model in Mexico and Colombia, El Salvador has launched “Culture of Lawfulness” projects – a school-based program that

has been successful in helping teenagers understand the importance of the rule of law, ending corruption and abuse of authority in government, and in resisting the lure of drugs, gangs, and violence. A parallel program for police is also being initiated in Guatemala, and we plan to begin work – together with the OAS – in other countries as well.

Conclusion

The U.S. Government is not operating under any illusion that stopping the flow of drugs by way of Central America to the United States will be easy. Each country faces many obstacles to creating an effective interdiction program and there are even more barriers impeding effective inter-governmental cooperation.

Traffickers continue to grow richer and more powerful at a rate faster than the governments can develop and implement strategies to counter them. They will continue to find Central America a relatively low-risk operating environment.

The deterioration of public security in the region is putting public pressure on governments to take at least some visible action against gangs and corruption. The U.S. will continue to support measured action to combat criminal gang activity, but with full respect for human and civil rights and rule of law.

We see genuine commitment at the presidential level in most of the countries in the region and will work to reinforce that commitment. Ongoing momentum for regionalization will help to encourage counternarcotics cooperation and will also open a window for productive U.S. engagement.